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October 24, 2017

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

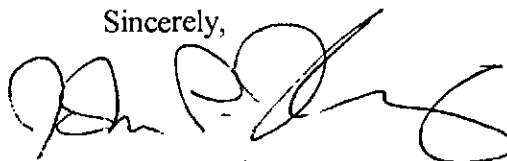
**Re: Project No. 17-012, Meadowbrook Manor
of Geneva**

Dear Ms. Avery:

The enclosed is in response to the State Board Staff Report on the above referenced project. Please accept the enclosed affidavit, photo, and HFSRB transcript for HFSRB Project #10-065, which is referenced in the report for the above referenced project. Specifically, Project #10-065 stated that construction would finally commence on August 1, 2016 and now, more than a year later, it has not yet done so. This information is but just one more indicator of the current long-term care landscape.

If you have any questions, please don't hesitate to contact me.

Sincerely,



John P. Kniery
Health Care Consultant

JPK/kah


ENCLOSURES





**Butterfield
Health Care Group, Inc.**

I, Christina Martalogu, took the attached photo of the SW Corner of State Route 25 and East Middle Street, South Elgin, Illinois at 9:30am on Thursday, October 19, 2017.


Christina Martalogu

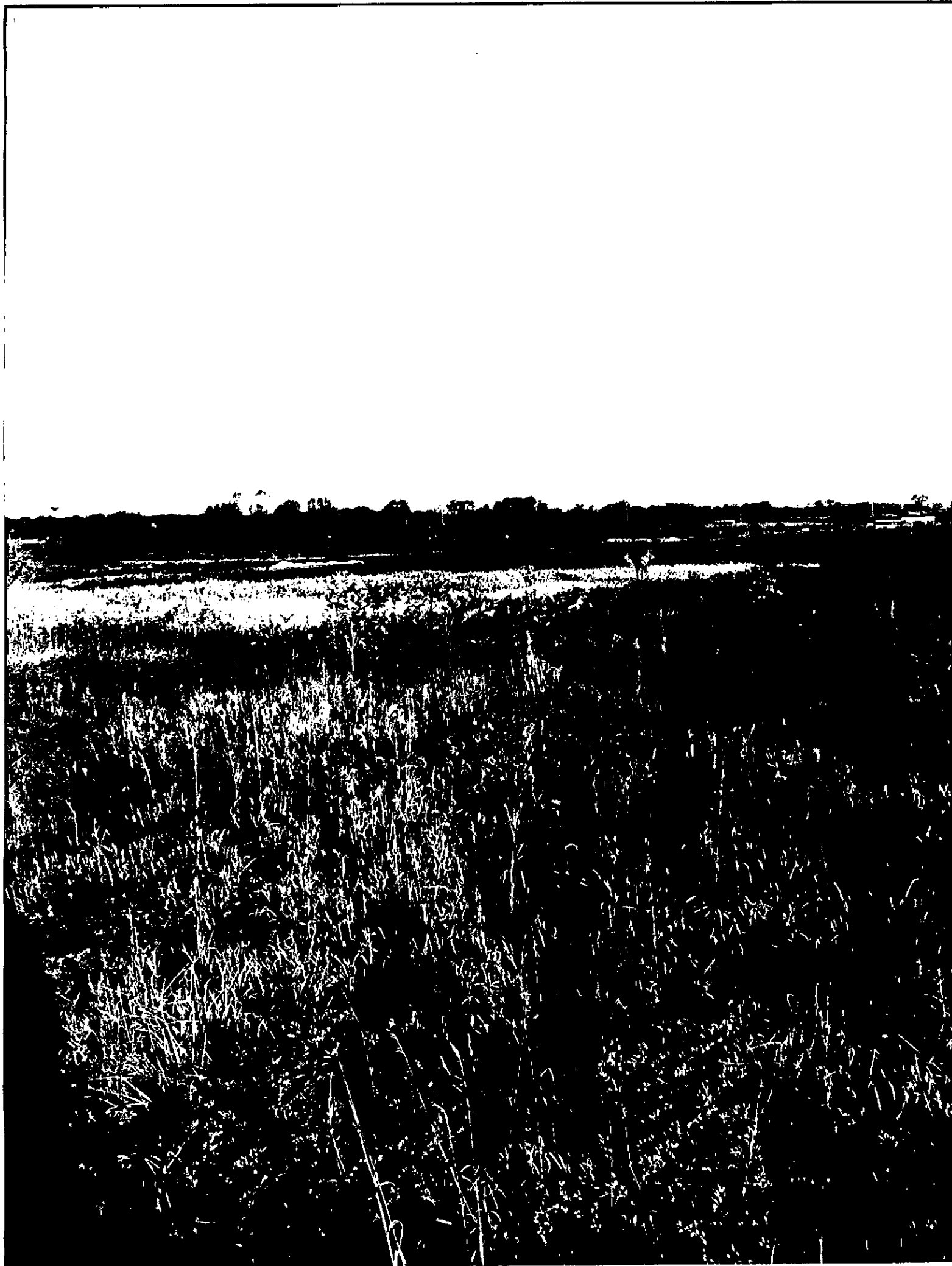
State of Illinois
County of DuPage

Signed and Sworn to me this 24th day of October, 2017, by Christina Martalogu


Signature of Notary Public

(Seal)





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1 CHAIRWOMAN OLSON: The next item of business
2 is items for State Board action.

3 First, we have one permit renewal request,
4 Project 10-065, Park Pointe South Elgin Healthcare &
5 Rehabilitation.

6 May I have a motion to -- may I have a
7 motion to approve a permit renewal for
8 Project 10-065, Park Pointe South Elgin Healthcare &
9 Rehabilitation, for a 24-month permit renewal?

10 MEMBER GALASSIE: So moved.

11 MEMBER SEWELL: Second.

12 CHAIRWOMAN OLSON: The Applicant will come
13 to the table.

14 Please be sworn in by the court reporter.

15 (One witness sworn.)

16 THE COURT REPORTER: Thank you.

17 CHAIRWOMAN OLSON: Mr. Constantino, your
18 report.

19 MR. CONSTANTINO: Thank you, Madam Chairwoman.

20 Park Pointe South Elgin Healthcare & Rehab
21 Center is requesting the third permit renewal for
22 this project.

23 The renewal is for 24 months, until May of
24 2018. The original project was approved for

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1 120 beds at an approximate cost of \$21.7 million.

2 Thank you, Madam Chairwoman.

3 CHAIRWOMAN OLSON: Thank you.

4 Questions by Board members?

5 MEMBER GREIMAN: Yeah.

6 What -- what changes are being made to -- so
7 that you can be -- with your dollars -- the 2010 and
8 2016 must have a significant economic difference.
9 Doesn't it?

10 MR. CONSTANTINO: When it was originally
11 approved, Judge, it was -- they were going to use
12 financing from the County --

13 MEMBER GREIMAN: Yeah.

14 MR. CONSTANTINO: -- bonds from the County,
15 and that fell through. Subsequently they've come
16 forward and found additional financing, and that's
17 been the biggest cause of the delay.

18 MEMBER GREIMAN: I understand. I appreciate
19 that. That was in your report.

20 My question is, when was the loss -- the
21 extra costs.

22 MR. CONSTANTINO: Oh, there's been no extra
23 costs.

24 MEMBER GREIMAN: You mean they're

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1 charging -- they're working on the 2010 numbers?

2 MR. CONSTANTINO: That's correct. As they
3 reported to us, yes.

4 MEMBER GREIMAN: Is that right?

5 MS. WESTERKAMP: That is correct. The
6 original financing was through bonds, and bond
7 financing can be very expensive. And we are now
8 using private funds and private financing so the
9 cost --

10 MEMBER GREIMAN: I understand that. But the
11 contractors, the subcontractors that are going to be
12 working on this thing, are they charging the 2010 --

13 MS. WESTERKAMP: Actually, they are working
14 off the 2010 budget and they've accepted that.

15 MEMBER GREIMAN: They are? Okay.

16 That's what I wanted to know. I wanted to
17 be sure.

18 CHAIRWOMAN OLSON: So I have a question.

19 So at this point no dirt has been moved?

20 MS. WESTERKAMP: No dirt has been moved. We
21 are ready to break ground on August 1st. We wanted
22 to actually -- because of the recoveries on bonds,
23 not being able to obtain the letter of credit with
24 the State that expired, we went to private

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1 financing, and we didn't want to break ground until
2 we had all the private financing funds actually
3 secured in our account. We didn't want to start a
4 project and have to be in the position that we were
5 still trying to raise funds.

6 CHAIRWOMAN OLSON: I understand. But
7 I guess my concern is partially that these beds have
8 now been taken out of the bed count. By the time
9 you open, it will be for eight years that the beds
10 have been tied up with all of the delays.

11 Michael, the project was originally approved
12 in 2010?

13 MR. CONSTANTINO: That's correct.

14 CHAIRWOMAN OLSON: And the most recent
15 completion date is 2018; right?

16 MR. CONSTANTINO: They're requesting a
17 completion date of May 2018, that's correct.

18 CHAIRWOMAN OLSON: So eight years that beds
19 have been out of the inventory.

20 MR. CONSTANTINO: That's correct.

21 CHAIRWOMAN OLSON: And not one shovel of
22 dirt has been moved?

23 MR. CONSTANTINO: That is correct.

24 CHAIRWOMAN OLSON: Can you explain exactly

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1 what the financing is now?

2 MS. WESTERKAMP: The financing is secured
3 through DB5 investors which are private investors.
4 These are foreign investors who bring funds to the
5 United States through various types of banks and
6 whatnot.

7 And the benefit of having those investors is
8 that this is -- this is basically an interest-free
9 financing, so the cost of the project remained very
10 low and no monies are paid for accrued interest. No
11 monies are paid for -- profits aren't distributed
12 until after the project is stabilized.

13 CHAIRWOMAN OLSON: And what is your level of
14 confidence that you will meet this May of 2018
15 completion date?

16 MS. WESTERKAMP: We are ready to break
17 ground August 1st. We have our architecture
18 plans -- everything is in place. When we talk about
19 shovel ready -- I know that's a term that's thrown
20 around all the time. Everything's shovel ready. We
21 are -- the land developer is actually ready to put the
22 shovel in the ground. And he would have done it a
23 month ago, but we've been waiting to get the approval.

24 CHAIRWOMAN OLSON: So you're 50 percent

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1 confident? 75 percent?

2 MS. WESTERKAMP: I am a hundred percent
3 confident that we'll be ready by May of '18.

4 CHAIRWOMAN OLSON: Other questions?

5 (No response.)

6 CHAIRWOMAN OLSON: Seeing none, I'll ask for
7 a roll call vote.

8 MR. ROATE: Thank you, Madam Chair.

9 Motion made by Mr. Galassie; seconded by
10 Mr. Sewell.

11 Mr. Galassie.

12 MEMBER GALASSIE: Yes.

13 MR. ROATE: Thank you.

14 Justice Greiman.

15 MEMBER GREIMAN: Yes.

16 MR. ROATE: Thank you.

17 MEMBER GREIMAN: I hope this is the last
18 time we'll vote on this.

19 MR. ROATE: Mr. Johnson.

20 MEMBER JOHNSON: Yes. In -- echoing Justice
21 Greiman, I hope this is the last time we hear this.

22 MR. ROATE: Thank you.

23 Mr. McGlasson.

24 MEMBER MC GLASSON: Yes.

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1 MR. ROATE: Thank you.

2 Mr. Sewell.

3 MEMBER SEWELL: Yes.

4 MR. ROATE: Thank you.

5 Madam Chair.

6 CHAIRWOMAN OLSON: I'm actually going to
7 vote no.

8 I don't see this being done in May of 2018,
9 and I don't like the fact that these beds have been
10 tied up. It will be over eight years by the time we
11 get things done -- I'm going to guess close to
12 nine years -- so I vote no.

13 MR. ROATE: Thank you, Madam Chair.

14 That's 5 votes in the affirmative; 1 vote in
15 the negative.

16 CHAIRWOMAN OLSON: The motion passes.

17 Good luck.

18 MS. WESTERKAMP: Thank you very much.

19 THE COURT REPORTER: Excuse me. Could you
20 give me your name, please, and spell it.

21 MS. WESTERKAMP: Sure. Janet Westerkamp,
22 W-e-s-t-e-r-k-a-m-p.

23 THE COURT REPORTER: Thank you.

24 - - -